



March 30, 2013

Honorable Chairman and Members of the City Council:

The Proposed Fiscal Year 2014 City Budget is herewith submitted for your review and approval.

The City of New Carrollton's Proposed FY 2014 Budget is balanced, maintaining the Council's FY2013 adoption of the Constant Yield Tax Rate (\$.7121/\$100). The City saw a small increase (0.56%) in the gross assessable real property base. A positive note compared to last fiscal year's approximate 30% decrease. There is also an anticipated increase in the amount of Highway User Revenues and State Aid for Police Protection, a small reprieve after having years of continuous cuts.

While this little bit of good news is a much needed relief, it does not allow us to truly break out from relying so heavily on real property taxes as our main source of income. I am putting forward a budget that maintains FY2013 spending levels, with some exceptions. I have included in my budget a proposed step-increase for all employees, forgoing an overall COLA increase. Recently we saw our employee's paychecks take a two percent (2%) hit from the lapse of the Social Security payroll tax break. It is expected that in the face of continuing national austerity measures by our Federal Government, our employees will be asked to give up more of their hard earned dollars.

With the recent annexation of Rt. 450/ Annapolis Road, I have directed my staff to focus on bringing more businesses into the City in order to diversify our tax base away from being so heavily dependent on residential properties. As a city, we have a lot to offer the businesses along the 450 corridor. In fact, my Administration has heard from a few of the businesses along the corridor which have expressed enthusiasm about the idea of coming into the city.

On a more cautionary note, we have experienced a decrease in the amount of revenue we receive from our speed camera program. This has caused us to take precautionary measures in reducing our reliance upon the program by shifting personnel back to general funding, and estimate our expenses based on a much lower number. This isn't necessarily a bad thing after all; the main goal of the program is to reduce speeding around our city schools, which the declining revenues are indicative of the programs success.

As with FY2013, I will continue with two Parking Enforcement officers, augmented by the Animal Control officer who will continue to write parking tickets when not involved in animal control activities. We have heard from a number of residents praising the Animal Control Officer's response to calls for service, and the City for providing a valuable service for our residents.

My budget is funding a Contingency Reserve of \$130,000 and an Operating Reserve of \$250,000. In addition to our Undesignated Fund Balance, a "Rainy Day Fund" totaling \$945,383.13 is available to deal with any dire emergency that may arise. I am however, pulling a

limited amount (\$450,000) of funds from our Undesignated Fund Balance to deal with increased operating costs, and long overdo projects that have been put off during the more uncertain financial times. First, the capital projects in this budget include heart defibrillators for our police vehicles and city buildings, new furniture for our administrative front offices, a new Municipal Center entrance sign, additional police body cameras, new police radar speed detectors, fingerprint scanners, a wood chipper for public works, and new modern phone equipment. These budget expenditures are one time items which the city has been holding off purchasing until the last possible moment.

Second, we have seen increases in the City's regular operating expenses on the health, dental, and Worker's Compensation insurances, as well as the employer's contribution to the State Retirement Plan. Finally, at the Council's request, I am adding the position of Human Resources Officer to the Administration's budget. This individual will serve in a capacity that benefits all city departments, as well as playing a critical strategic role in advancing our organization forward. Should the financial picture remain the same or worsen, I will continue our city's fiscally conservative ways and bring forth to the Council the necessary measures to do what is necessary to maintain a balanced budget.

If it were not for the previous five years of tight spending control, we would not have the funds available to do these projects. While these expenses by no means strain the city finances, I do plan on the following cost saving measures: my Administration during FY 2014 will go out to bid for a new newsletter printer, electrical and plumbing services, and re-bid for consolidated security and fire monitoring services.

To Conclude, I would like to thank the City employees, committee members, and members of the City Council for their cogent budgetary recommendations. I strongly recommend that the City Council favorably move upon the attached budget document.

Sincerely,

Andrew C. Hanko  
Mayor